

## **Medicaid Has Already Given Its Fair Share**

Congressional Republicans are now proposing to cut \$11.8 billion from the Medicaid program to offset tax cuts for the wealthiest Americans. These cuts in Medicaid come at a time when the need for these programs is increasing.

### **Recent 2004 U.S. census data show that more and more Americans are losing health insurance coverage and slipping into poverty:**

- The number of Americans without health insurance was at an all-time high in 2004 – an increase of 800,000 people from the preceding year. Six million more people lacked health insurance in 2004 than in 2000. Medicaid and SCHIP coverage largely protected children from this sobering downturn.<sup>1</sup>
- The number of people who work but live in poverty increased by 563,000 and median income among the working age population fell by 1.2 percent. Four million more people were poor in 2004 than in 2001.<sup>2</sup>

### **Republican package cuts benefits and increases cost sharing on beneficiaries:**

- Fortunately, for many of these families, particularly children, Medicaid has been there as a safety net. But now Republicans seek to cut Medicaid, including taking away benefits and making treatments unaffordable by increasing out-of-pocket costs, at a time when the program is most needed.

### **New data shows that the Medicaid program has already done a lot to restrain spending:**

- The Fiscal Years 2005-2007 reductions in Federal payments to States are projected to cost State governments \$1.1 billion in Federal Medicaid and SCHIP funding in FY2007.<sup>3</sup>
- This comes on top of a \$540 million reduction of Medicaid and SCHIP funding in FY2006.<sup>4</sup>

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<sup>1</sup> Center on Budget and Policy Priorities, The Number of Uninsured Americans Continued to Rise in 2004, August 30, 2005.

<sup>2</sup> Center on Budget and Policy Priorities, Economic Recovery Failed to Benefit Much of the Population in 2004, August 30, 2005.

<sup>3</sup> Federal Funds Information for States (FFIS) Issue Brief 05-14, FY2007 FMAP Projections, March 29, 2005.

<sup>4</sup> FFIS Issue Brief 04-41, FY2006 FMAPs, September 28, 2004.

- Some States in FY2006 had a decrease in the amount the Federal Government spends by as much as 7.4 percent. And, for many States this comes on top of three consecutive years of reductions in the Federal share of Medicaid for their State.<sup>5</sup>
- In 2007, States will have had the largest two-year drop in Federal spending in history and many States will see their lowest Federal participation ever, since the program's inception in the 1960s. By 2007, some States will have five straight years of declining Federal assistance.<sup>6</sup>

**States need more, not less, resources:**

- States, and the people and providers who rely on this program, are already feeling the pinch of reductions in Federal Medicaid funding. The economy continues to stagnate, income for the working poor is lower, and poverty levels remain high. And, of course, gas prices are at all-time highs driving up costs of ordinary goods. States need additional resources to shore up their programs, not funding cuts and cost-shifting to beneficiaries.

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<sup>5</sup> *ibid*

<sup>6</sup> FFIS Issue Brief 05-14, FY 2007 FMAP Projections, March 29, 2005.